GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:5561
ANSWERED ON:02.05.2002
SALES TAX PAID BY ORDNANCE FACTORIES
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Will the Minister of DEFENCE be pleased to state:

(a) whether some of the ordnance factories like Badmal did not register with local sales tax authorities and paid extra sales tax, as pointed out by CAG in its Report No. 7 of 1999 in paragraph 64 on page 101;

(b) if so, whether the matter has been enquired and action taken against the persons concerned for causing avoidable loss of revenue to the Government;

(c) whether it has been ensured now that all defence installations are registered with local sales tax authorities;

(d) whether there is an urgent need to review the working of the defence installations to ensure that they function in a manner to achieve utmost saving in Government expenditure and to amend the rules and regulations coming in the way of smooth functioning; and

(e) if so, the details thereof?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) to (c): All the Ordnance Factories including Ordnance Factory Badmal are registered with the Sales Tax authorities.However, Ordnance Factory, Badmal could obtain sales tax registration only on 25.7.1998 after protracted correspondence with sales tax authorities. Consequently, Ordnance Factory, Badmal had to pay additional sales tax.

(d) & (e): Review of the functioning of defence installations is a continuous exercise.